

## Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

RSR-01 /090 W

----- 116451

R 171907Z AUG 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 722

C O N F I D E N T I A L SECTION 1 OF 2 LA PAZ 5046

E.O. 11652: N/A

TAGS: PINT BL

SUBJ: FSB NATIONAL CONVENTION PROCLAIMS BANZER AS PRESIDENTIAL  
CANDIDATE OF FALANGE

1. BEGIN SUMMARY. FOURTH EXTRAORDINARY NATIONAL CONVENTION OF FSB MET IN LA PAZ AUGUST 10-15, PRECEDED BY FALANGE NATIONAL YOUTH MEETING AUGUST 8-10. CONVENTION RATIFIED LEADERSHIP OF MARIO GUTIERREZ, ADOPTED POLITICAL DOCUMENT WHICH PROPOSES INDIRECT ELECTION OF PRESIDENT BY A TWO-CHAMBER CONGRESS, AND DECLARED PRESIDENT BANZER TO BE PARTY'S PRESIDENTIAL CANDIDATE IN 1974 ELECTIONS. END SUMMARY.

2. FSB'S FOURTH EXTRAORDINARY NATIONAL CONVENTION--THE FIRST EVER HELD WHILE FALANGE FORMED PART OF A GOVERNMENT--TOOK PLACE IN LA PAZ AUGUST 10-15, PRECEDED BY FSB NATIONAL YOUTH MEETING, UNDER LEADERSHIP OF NEWLY-DESIGNATED FSB YOUTH LEADER MAURO CUELLAR, ON AUGUST 8-10. BOTH MEETINGS RATIFIED LEADERSHIP OF "OFFICIAL" WING OF FALANGE, HEADED BY FOREIGN MINISTER MARIO GUTIERREZ, WHILE PARTISANS OF VALVERDE WING OF PARTY WERE SYSTEMATICALLY EXCLUDED FROM THE SESSIONS. AS SOME FSB LEADERS HAD INFORMED EMBOFFS PRIOR TO CONVENTION, ONE GOAL OF GUTIERREZ WING OF FALANGE WAS TO USE CONVENTION TO PERMANENTLY REMOVE VALVERDE AND HIS FOLLOWERS FROM THE RANKS OF THE FSB.

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3. OPENING SESSION ON AUGUST 10. EMPHASIZED DOMINANT THEMES OF

CONVENTION: PARTY UNITY, SUPPORT OF FPN AND LOYALTY TO PRESIDENT BANZER. UNITY THEME WAS EMPHASIZED BY PRESENCE OF BANZER AND MNR LEADER PAZ ESTERSSORO, BOTH OF WHOM ADDRESSED ASSEMBLED FALANGISTAS ON NEED TO MAINTAIN FPN AS COUNTRY'S BEST HOPE FOR PEACEFUL DEVELOPMENT AND AVOIDANCE OF RETURN TO LEFTIST RULE. BANZER REITERATED STATEMENT MADE IN HIS AUGUST 6 INDEPENDENCE DAY ADDRESS TO EFFECT THAT HE WILL ONLY CONSENT TO RULE NATION AS REPRESENTATIVE OF A UNITED FPN COALITION.

4. IN SUBSEQUENT DAYS, CONVENTION PROCEEDED TO DECLARE GUTIERREZ LEADER OF THE PARTY BY ACCLAMATION. GUTIERREZ, IN TURN, SELECTED VETERAN FSB MILITANTS GUSTAVO STUMPF AND GASTON MOREIRA, PREFECT OF CHUQUISACA, AS FIRST AND SECOND SUB-CHIEFS OF PARTY. GUTIERREZ ALSO NAMED FOLLOWING INDIVIDUALS AS PRESIDENTS OF FSB'S NATIONAL COUNCILS: JAIME GUTIERREZ TERCEROS, EXECUTIVE COUNCIL; MARIO AGUILAR ZENTENO, POLITICAL COUNCIL AND ISMAEL CASTRO, ADMINISTRATIVE COUNCIL. GENERAL FRANCISCO ARIAS WAS CONFIRMED IN HIS POSITION AS PRESIDENT OF THE HONOR COURT OF FALANGE.

5. SELECTION OF STUMPF AS FIRST SUB-JEFE WAS SIGNIFICANT IN LIGHT OF FSB'S SIMULTANEOUS DECISION TO ADOPT AS PARTY DOCTRINE A POLITICAL DOCUMENT CO-AUTHORED BY STUMPF AND ENRIQUE ACHA ALVAREZ. THIS DOCUMENT CALLS FOR THE CREATION OF A SO-CALLED "NATIONAL STATE" WHICH WILL INSTITUTIONALIZE AND PERPETUATE THE ACHIEVEMENTS OF THE CURRENT REGIME. APART FROM SUCH GENERAL GOALS AS THE "CREATION OF THE NATIONAL CULTURE", "INTEGRATED DEVELOPMENT" AND "SELF-DETERMINATION", THE DOCUMENT CALLS SPECIFICALLY FOR THE CREATION OF A BICAMERAL CONGRESS, CONTAINING A POLITICAL CHAMBER ELECTED BY DIRECT POPULAR VOTE AND A FUNCTIONAL CHAMBER COMPOSED OF DELEGATES CHOSEN BY THE PROFESSIONS, LABOR UNIONS, BUSINESS ORGANIZATIONS AND OTHER ESTABLISHED INSTITUTIONS, INCLUDING THE EXISTING STATE AGENCIES. IN TURN, THESE TWO CHAMBERS WOULD MEET TO SELECT THE NEXT PRESIDENT OF BOLIVIA.

6. THROUGHOUT SIX-DAY CONVENTION, GUTIERREZ AND OTHER FALANGE LEADERS GAVE IMPRESSION THAT CONVENTION WOULD AVOID DIRECT CONSIDERATION OF FSB PRESIDENTIAL CANDIDATE FOR 1974. AT SAME TIME, FSB LEADERSHIP LEFT NO DOUBT THAT BANZER IS PREFERRED CANDIDATE OF THE PARTY AT THIS TIME. GUTIERREZ HIMSELF STATED

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THAT GENERAL AGREEMENT EXISTED WITHIN FSB ON "INDISPUTABLE LEADERSHIP OF GENERAL HUGO BANZER SUAREZ" AND ADMITTED, IN RESPONSE TO NEWSMAN'S QUESTION, THAT "IT IS OBVIOUS THAT HE IS THE (CANDIDATE) WHO CAN AND SHOULD BE PROPOSED BY THE FORCES OF THE PRESENT POLITICAL REGIME." FINALLY, ON DAY FOLLOWING CLOSE OF CONVENTION, FSB SECRETARY-GENERAL DR. LEONARDO CUNIOLI ANNOUNCED THAT CONVENTION HAD DECIDED TO NAME BANZER AS PARTY'S PRESIDENTIAL CANDIDATE, THEREBY MAKING FSB FIRST PARTY TO

OFFICIALLY PROCLAIM BANZER'S CANDIDACY.

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C O N F I D E N T I A L SECTION 2 OF 2 LA PAZ 5046

7. DESPITE EFFORTS OF GUTIERREZ AND HIS FOLLOWERS TO PRESENT FACADE OF TOTAL UNITY BEHIND PRESENT LEADERSHIP OF HIS WING OF FSB, OCCASIONAL DIFFERENCES OF OPINION LEAKED OUT OF TIGHTLY -CONTROLLED SESSIONS. PRESENTATION OF STUMPF-ACHA POLITICAL DOCUMENT, WHICH PRIOR TO CONVENTION RECEIVED WIDESPREAD CRITICISM FROM OTHER POLITICAL PARTIES AND FROM LABOR UNIONS, NEARLY RESULTED IN OPEN SPLIT WITHIN CONVENTION. SUBSEQUENTLY, SELECTION OF SUB-JEFE OF PARTY PRESENTED DIFFICULTIES WHEN AT LEAST FIVE ACTIVE CANDIDATES, INCLUDING CABINET MINISTERS JAIME TAPIA AND AMBROSIO GARCIA, BEGAN OPEN CAMPAIGNING AMONG THE DELEGATES; ISSUE WAS FINALLY RESOLVED WHEN GUTIERREZ "DECREED" THAT STUMPF WOULD OCCUPY THE POSITION OF FIRST SUB-JEFE. MOST WIDELY PUBLICIZED CONTRETEMPS DURING CONVENTION WAS EXCLUSION FROM ITS SESSIONS OF LONG-TIME FSB MEMBER AND CHACO WAR HERO GENERAL BERNARDINO BILBAO. BILBAO, RECENTLY IN SEMI-RETIREMENT FROM POLITICAL LIFE, ISSUED STATEMENT WITH EX-FSB LEADERS DAVID ANEZ PEDRAZA AND FRANZ TEZANOS PINTO IN WEEK PRIOR TO CONVENTION DEPLORING RECENT DECISION TO SELL GAS TO BRAZIL AND CALLING UPON FSB TO RISE TO DEFENSE OF NATION'S NATURAL RESOURCES. THIS THINLY-VEILED CHARGE OF SELL-OUT OF BOLIVIA'S INTERESTS BY FOREIGN MINISTRY UNDER GUTIERREZ DREW SHARP REBUTTALS FROM BOTH MINISTRY AND UPPER-LEVEL FALANGE LEADERSHIP; GUTIERREZ HIMSELF DESCRIBED CHARGES AS "OF A LEFTIST NATURE" AND EXPRESSED DOUBTS THAT AUTHORS OF SUCH A STATEMENT COULD BE EITHER TRUE NATIONALISTS OR MEMBERS IN GOOD STANDING OF FALANGE.

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8. COMMENT: FSB CONVENTION, WHILE RESTORING A SEMBLANCE OF PARTY UNITY AND CONFIRMING LEADERSHIP POSITIONS OF VETERAN FALANGISTAS IN OFFICIALLY-RECOGNIZED GUTIERREZ WING OF PARTY, COULD NOT OBSCURE CONTINUING PROCESS OF DEBILITATION AND INTERNAL SELF-DESTRUCTION OF FALANGE. ALMOST TOTAL CONDEMNATION WITH WHICH FSB'S CAREFULLY-PREPARED POLITICAL DOCUMENT WAS RECEIVED IN POLITICAL AND LABOR CIRCLES PRIOR TO CONVENTION IS INDICATION OF ISOLATION AND RELATIVE LACK OF POPULAR SUPPORT FROM WHICH THIS PARTY CONTINUES TO SUFFER. CONTINUING DIVISION OF FALANGE INTO PRO-GUTIERREZ AND PRO-VALVERDE FACTIONS, LATTER OF WHICH APPEARS TO CONTROL MOST OF FSB ORGANIZATION IN SANTA CRUZ AND NEARBY DEPARTMENTS, CANNOT HELP BUT WEAKEN PARTY'S POPULAR APPEAL AND POTENTIAL ELECTORAL STRENGTH. AT THIS MOMENT, PERHAPS GREATEST HOPE FOR FSB'S FUTURE, IN WORDS OF ONE EMBASSY POLITICAL SOURCE, IS THAT BANZER WILL ACCEPT A PRESIDENTIAL CANDIDACY OFFERED BY BOTH FALANGE AND MNR, ACTING TOGETHER UNDER RUBRIC OF FPN.  
BREWIN

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